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UNCLAS PANAMA 002881

SIPDIS

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E.O. 12958: N/A

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SUBJECT: PANAMA: TRANSPARENCY OF BUDGETS/MILITARY SPENDING

REF: A. STATE 239929

[B](#). 1998 PANAMA 02908

[1](#). Military forces are constitutionally banned in Panama. The Central Government oversees Panama's civilian security forces. Panama presently appears to meet the standards set out in the legislation, described in reftel, for international financial institution funding. Per reftel A, the following information is provided:

[A](#). General Overview of Auditing Procedures

(1) Civilian security expenditures are audited by the Comptroller General's Office. Each governmental institution also maintains its own auditing office.

(2) The Comptroller General audits security expenditures.

(3) The audits are reported to the Comptroller General.

(4) All authorities who receive the audits are civilian.

(5) Yes, there is an existing framework for conducting annual audits of security forces expenditures. The Comptroller General audits the security forces on an annual basis and each institution's internal audit office audits expenditures on a regular basis.

(6) Yes, there is an instituted government policy that requires annual audits of receipts that fund the security forces.

[B](#). The Military Budget and On-budget and Off-budget Revenues and Expenses

(1) The country's security budget is contained within the budgets of the Ministry of Government and Justice (MOGJ) and the Ministry of the Presidency (MOP), the two institutions responsible for the country's security forces. The MOGJ oversees Panama's National Police Force, the National Maritime Service, and the National Air Service. The MOP oversees the Institutional Protection Service and the Public Security and National Defense Council.

(2) To post's knowledge, there are no/no significant off-budget military receipts.
WATT